



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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August 17, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

**COMMITTEE REPORT ON RECOMMENDATIONS THAT ENCOURAGE
LOS ANGELES COUNTY EMPLOYEES TO PURCHASE AND USE "GREEN"
VEHICLES, OR USE PUBLIC TRANSPORTATION FOR THEIR COMMUTE TO
WORK**

On March 13, 2007, the Board of Supervisors (BOS) directed the Chief Executive Office (CEO), in cooperation with the Internal Services Department (ISD) County Energy team, to develop incentives to use green vehicles or provide other incentives to Los Angeles County (County) employees to lessen the environmental impact of their work commute.

Representatives from the CEO, ISD, Regional Planning, Public Health, and Public Works met and developed recommendations that will be pursued and further developed for subsequent presentation to your Board:

COMMUTER BENEFIT PLAN

The CEO, in coordination with the Department of Human Resources, Auditor-Controller and County Counsel, will explore the implementation of a benefit plan that allows employees to use pre-tax dollars to pay for employment-related transportation.

EMPLOYEE HYBRID VEHICLE INCENTIVE PURCHASING PROGRAM

The CEO and ISD will explore the implementation of various programs to support the use of green vehicles or public transit such as establishing a program for County employees to cost-effectively lease or purchase alternative fuel vehicles;

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT CREDITS

The CEO Intergovernmental Relations Branch will work with the South Coast Air Quality Management District (SCAQMD) to assess the feasibility of including an Employee Hybrid or Green Vehicle Incentive Purchasing or Leasing Program and an Alternative Fuel Vehicles Parking Program among credit-redeeming strategies for satisfying Rule 2202 – Employee Commute Reduction Program (Ridesharing), and report back to the Board within 75 days with a status.

One proposal to achieve credits is to provide preferred parking at County lots for those who drive hybrid or alternative fuel vehicles. This is similar to what is currently in place for County Ridesharing Vanpool participants.

FLEXIBLE CAR SHARING PROGRAM

The CEO and ISD will explore other programs that provide employees access to daytime pool vehicles for personal use if they do not have access to a personal vehicle because they use public transportation.

COMMUTER BENEFIT PROGRAM

In 2003, the BOS approved County participation in a commuter benefit plan. Under Internal Revenue Code (IRC) Section 132(f), employees may use pre-tax dollars to pay for employee-related transportation expenses. Currently, only one component of the authorizing Code has been implemented: Employees participating in the Civic Center Parking Plan are able to use pre-tax dollars to pay for a portion of their parking costs.

There is an opportunity to expand the use of pre-tax dollars to those who participate in ridesharing or use public transportation options, such as bus or rail. Expanding the commuter benefit program provides benefits to the County and employees alike. However, further analysis needs to be undertaken to determine the cost of implementing the program, employee interest, and any administrative fees that can be charged to program participants to offset the cost to the County. In addition, a solicitation process would need to be developed to obtain a provider to oversee the benefit implementation.

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The CEO, in concert with the Department of Human Resources, Auditor-Controller and County Counsel, will return to your Board with a timeline and recommendation on the feasibility and cost effectiveness, of expanding the current commuter benefit program to include public transportation.

EMPLOYEE HYBRID VEHICLE INCENTIVE PURCHASING PROGRAM

Green car purchasing or leasing incentives are currently offered by a few public agencies and private businesses. For example, credit unions that serve County employees have negotiated pricing arrangements for their members. There may be opportunities to explore financing discounts as well for the purchase or lease of hybrid vehicles. In addition, the American Automobile Association and Costco have member incentives that include vehicle pricing arrangements. The City of Riverside offers \$2,000 reimbursements to full-time employees if they buy new hybrids, and \$1,000 for purchasing used hybrids.

Furthermore, there are other incentives for alternative fuel vehicle (AFV) or hybrid purchases. For example, some insurers provide discounts on auto insurance for hybrid or AFV owners. Clean Energy, a Natural Gas supplier, provides discounted fuel pricing for 18 months with a purchase of a Honda Compressed Natural Gas (CNG) vehicle. A home refueling appliance is readily available for the Honda CNG vehicle. The home refueling appliance unit cost is \$4,000 and typical installation costs range from \$1,000 to \$2,000. Both the SCAQMD and the Mobile Source Air Pollution Reduction Review Committee (MSRC) offer incentives for the purchase or lease of a home refueling appliance for natural gas vehicles. If an employee purchases a home fueling appliance, the SCAQMD will provide a \$2,000 incentive. If the refueling device is leased from American Honda, the SCAQMD and MSRC will each provide a \$1,000 incentive. An employee may qualify for an additional \$1,000 tax credit from the Federal government if they meet the credit requirements.

The CEO, in concert with affected departments, will explore the development of programs that would provide incentives for employee purchase or lease arrangements for hybrid or green vehicles. These could range from County employee participation in member pricing discounts with associations who already have discount arrangements, financing discounts that may be available to County employees by member credit unions, or direct agreements with car dealerships throughout the County.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT CREDITS

The SCAQMD mandates the County to reduce mobile source emissions generated from employee commutes in order to comply with Federal and State Clean Air Act requirements. Presently, there is no SCAQMD-approved strategy for parking for alternative fuel vehicles.

The County complies with SCAQMD Mobile Source Emissions Mitigation mandate through Rule 2202 – On-Road Motor Vehicle Mitigation Options by implementing an Employee Commute Reduction Program (Ridesharing). The Employee Commute Reduction Program allows the County to implement various rideshare strategies that focus on reducing work-related vehicle trips to the worksite.

The County should identify strategies that comply with SCAQMD requirements and provides credits towards achieving the County's mobile source emission reduction target.

The following are the strategies that should be presented to the SCAQMD for authorization under Rule 2202:

- Employee Hybrid Vehicle Incentive Purchasing Program
- AFV Preferred Parking Program that would provide employee preferred parking at County employee parking lots

We recommend that the AFV Preferred Parking Program only be implemented when the SCAQMD has authorized the program to be a mobile source emission reduction credit towards our clean air goals. The implementation of this program without prior SCAQMD credit approval would undermine the County's current Employee Commute Reduction Program and may jeopardize compliance with Rule 2202, which could lead to fines for non-compliance.

FLEXIBLE CAR SHARING PROGRAM

Other options include the feasibility of making available to employees vehicles that they may use for personal business during the day. One company (Flexcar) has a sharing program, which provides employees with alternative means of transportation while encouraging concurrent participation in some form of commuter program by providing a vehicle at the workplace that employees can use for personal business. Employees pay a rental fee to use the vehicle to go to personal appointments during the workday.

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SCAQMD mandates the County's participation in ridesharing as a means to reducing traffic and air pollution from the employee commute to work. Under SCAQMD mandates, non compliance could result in fines that equal \$60 per person per day at each worksite. Providing an incentive for County employees to take advantage of public transportation and van pooling demonstrates the County is carrying out County Code, chapter 5.90 Vehicle Trip Reduction – Ridesharing. This Code requires that department heads who supervise more than 100 employees at a given worksite promote County employee participation in trip reduction and ridesharing programs.

Implementation of some or all of these programs is intended to reduce traffic congestion and air emissions from vehicles used for commuting between home and the worksite.

We plan to return to your Board with an updated status within 30 days. If you have any questions, please call me or Debbie Lizzari at 974-6872.

WTF:DL:JA
MP:rld

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services Department
Regional Planning
Human Resources
Public Works